

§ 4284.902

by the Rural Business-Cooperative Service whereby grants are made to enable producers to develop businesses that produce and market Value-Added agricultural products.

§ 4284.902 Policy.

It is the policy of the Secretary of Agriculture to fund a broad diversity of projects that help increase the agricultural producers' customer base and share of the food and agricultural system profit.

§ 4284.903 Program administration.

The Value-Added Producer Grant program is administered by Cooperative Services within the Agency.

§ 4284.904 Definitions.

Planning Grants—Grants to facilitate the development of a defined program of economic activities to determine the viability of a potential Value-Added venture, including feasibility studies, marketing strategies, business plans and legal evaluations.

Working Capital Grants—Grants to provide funds to operate ventures and pay the normal expenses of the venture that are eligible uses of grant funds.

§§ 4284.905–4284.906 [Reserved]

§ 4284.907 Eligibility for grant assistance.

(a) The proposed project must evidence a high likelihood of creating Value-Added for an Agricultural Product.

(b) Independent Producers, Agricultural producer groups, Farmer or Rancher cooperatives and Majority-Controlled Producer-Based Business Ventures, are eligible for grants under this subpart.

(c) An applicant that is a Farmer or Rancher cooperative, an Agriculture producer group or a Majority-Controlled Producer-Based Business Venture must be entering into an Emerging Market as a result of the proposed project. An applicant that is an Independent Producer does not have to be entering into an Emerging Market.

(d) No project may be the subject of more than one Planning Grant or more than one Working Capital Grant under this subpart. The same project may,

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however, be awarded one Planning Grant and subsequently apply for and receive a Working Capital Grant.

(e) Not more than one project per funding cycle per applicant may receive grant funding under this subpart.

§ 4284.908 Use of grant and matching funds.

(a) An application may be for either a Planning Grant or a Working Capital Grant, but not both.

(b) Grant funds may be used to pay up to 50 percent of the costs for carrying out relevant projects. Matching funds must be provided for the balance of costs.

(c) Matching funds may only be used for the same purposes allowed for grant funds.

(d) Planning Grant funds may be used to develop a business plan or perform a feasibility study to establish a viable marketing opportunity for a Value-Added producer. These uses include, but are not limited to, the following:

(1) Conduct, or hire a qualified consultant to conduct, a feasibility analysis of the proposed value added project to help determine the potential success of the project;

(2) Develop, or hire a qualified consultant to develop, a business operations plan that provides comprehensive detail on the management, planning and other operational aspects of the proposed project; and

(3) Develop, or hire a qualified consultant to develop, a marketing plan for the proposed Value-Added product(s) including the identification of a market window, potential buyers, a description of the distribution system and possible promotional campaigns;

(e) Working Capital Grant funds may be used to provide capital to establish alliances or business ventures that allow the producer of the Value-Added agricultural product to better compete in domestic or international markets. These uses include, but are not limited to, the following:

(1) Establish a working capital account to fund operations prior to obtaining sufficient cash flow from operations;

(2) Hire counsel to provide legal advice and to draft organizational and